**How to Calculate Your Tax Basis:**
You can use the following worksheet to calculate the taxable gain or loss for the cash received in lieu of the fractional share of Lucent Technologies. In addition, shareowners who choose to sell either their AT&T or Lucent shares sometime in the future will need to apply the same tax basis allocation to determine taxability on any net gain or loss. Based on the average high and low prices at which AT&T and Lucent Technologies traded on September 30, 1996—as reported for the New York Stock Exchange transactions—72.01 percent of your pre-spin-off tax basis should be allocated to your AT&T shares, and the remaining 27.99 percent should be allocated to your new Lucent Technologies shares (including any fractional share interest). A hypothetical example is provided along with space to fill in your actual numbers. In order to use this worksheet, you will need to know the original tax basis of your pre-spin-off AT&T shares. If you bought AT&T on more than one occasion, you will need to perform this computation separately for each purchase.

**Hypothetical Example**
In this example, 100 shares of AT&T were purchased at $30 per share, resulting in a tax basis of $3,000. Because the Lucent Technologies distribution ratio was .324084 of a share of Lucent Technologies for each AT&T share owned, the holder receives 32 whole shares of Lucent Technologies, as well as a check for .4084 of a share. The original $3,000 tax basis must now be allocated to the post-spin-off AT&T shares and to the newly received Lucent Technologies shares. 72.01% of the $3,000 will be allocated to AT&T and 27.99% allocated to Lucent Technologies.

**AT&T TAX BASIS CALCULATION**
$3,000 x .7201 = $2,160.30. This is the new total tax basis for AT&T shares.
To get the tax basis per share divide $2,160.30 by 100, the total share amount.
$2,160.30 divided by 100 = $21.60 per share.

**Example:**

<table>
<thead>
<tr>
<th>Original tax basis</th>
<th>Allocated ratio</th>
<th>New total AT&amp;T tax basis</th>
<th>Total number of shares</th>
<th>New AT&amp;T per share tax basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>.7201</td>
<td>$2,160.30</td>
<td>100</td>
<td>$21.60</td>
</tr>
</tbody>
</table>

Calculate your new AT&T per share tax basis here:

<table>
<thead>
<tr>
<th>Original tax basis</th>
<th>Allocated ratio</th>
<th>New total AT&amp;T tax basis</th>
<th>Total number of shares</th>
<th>New AT&amp;T per share tax basis</th>
</tr>
</thead>
</table>
LUCENT TECHNOLOGIES TAX BASIS CALCULATION
3,000 x .2799 = $839.70. This is the new total tax basis for Lucent shares.
To get the tax basis per share divide $839.70 by 32.4084, the total share amount. $839.70 divided by 32.4084 = $25.91 per share.

Example:

$3,000 x .2799 = $839.70 + 32.4084 = $25.91

Original tax basis  Allocated ratio New total Lucent tax basis Total number of shares New Lucent per share tax basis

Calculate your new Lucent per share tax basis here:

Original tax basis  Allocated ratio New total Lucent tax basis Total number of shares New Lucent per share tax basis

LUCENT FRACTIONAL SHARE TAX BASIS

Example:

$25.91 x .4084 = $10.58

New Lucent per share tax basis Number of fractional shares sold Tax basis for fractional shares sold

Calculate your Lucent fractional share tax basis here:

New Lucent per share tax basis Number of fractional shares sold Tax basis for fractional shares sold

LOSS OR GAIN FROM SALE OF FRACTIONAL SHARES

Example:

$30.62 * - $10.58 = $20.04

Amount of fractional share check Tax basis for fractional shares sold Loss/Gain from fractional share sale

Calculate your loss/gain from fractional shares sale here:

Amount of fractional share check Tax basis for fractional shares sold Loss/Gain from fractional share sale